

In Focus: Hitachi Home Electronics America, Inc.

Hitachi Home Electronics America, Inc. (HHEA, Inc.), a division of Hitachi, Ltd. the Tokyo-based Fortune 500 company, markets a variety of consumer electronics with annual sales in excess of \$650 million. HHEA, Inc. operates out of an impressive 85,000 square foot North American headquarters in eastern Chula Vista and interfaces directly with two Hitachi-established production and assembly plants (maquiladoras) in Tijuana.

HHEA opened their build-to-suit headquarters in spring 2003. "We would never have met Hitachi's very aggressive timelines without the tremendous cooperation from the City of Chula Vista," notes Arlene Bolz, Senior Manager of Facilities, Safety and Administrative Operations at HHEA. City staff provided assistance from early site selection, through fast-tracking permitting and construction, to the grand opening. The corporate campus houses technical labs, business offices and product showrooms for national and international vendors and has easy access to two international airports as well as major highways.

The two Hitachi production and assembly plants in Tijuana are a short drive from the Chula Vista headquarters. The plants are organized under the name HIMEX, Hitachi Consumer Products de Mexico, S.A. de C.V. The main plant is a 480,000 square foot facility operating on a 99 year lease. In 1986 when Hitachi negotiated the establishment of the plant, Mexican law did not

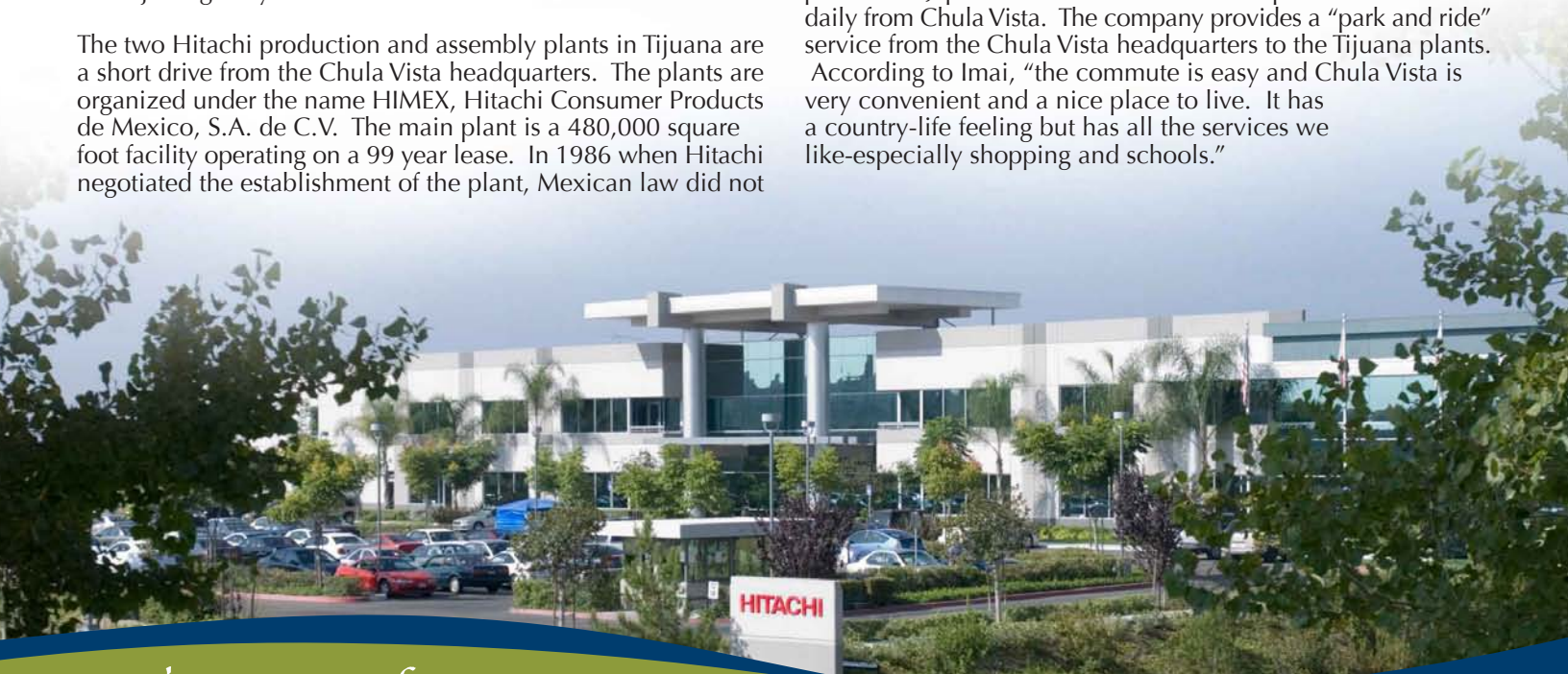
"With our North American headquarters in Chula Vista, we are in the same time zone and are able to quickly and efficiently deal with any production or delivery needs that come up."

-Keita Imai, Vice-President,
HIMEX, Hitachi Consumer
Products de Mexico, S.A. de C.V.

allow for foreign ownership nor had NAFTA begun, hence, the agreement to lease. In 2002, HIMEX opened the second plant adding 190,000 square feet of manufacturing space. Both plants now operate 100% under NAFTA regulations. Over the years the Tijuana facilities have produced a variety of electronics including big screen, plasma, and LCD televisions.

HIMEX Vice President, Keita Imai, notes that establishing both maquiladoras was handled directly through Hitachi's legal staff. The second plant was operational very soon after legal processing began since, by that time, procedures had been streamlined and foreign ownership was allowed. Manufacturing in both plants is brisk: HIMEX receives an average of 30-40 containers of materials and exports north some 50-70 containers daily. Transporting materials and goods is, consequently, a major priority for Imai. Exporting from south to north can be the most time consuming; however, HIMEX subcontracts with an independent transport company that has approved FAST status (the equivalent of SENTRI for commercial carriers) allowing their pre-approved vehicles to pass through customs more quickly.

HIMEX employs some 2000 Mexican nationals in its Tijuana plants. Six Japanese executives work in the plants and commute daily from Chula Vista. The company provides a "park and ride" service from the Chula Vista headquarters to the Tijuana plants. According to Imai, "the commute is easy and Chula Vista is very convenient and a nice place to live. It has a country-life feeling but has all the services we like-especially shopping and schools."



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